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ACTIVITIES OF THE UNDP INTER-AGENCY PROCUREMENT SERVICES OFFICE

Report of the Administrator

SUMMARY

The present biennial report is submitted by the Administrator for the information of the Executive Board, pursuant to Executive Board decision 96/2. It provides an update on the activities of the Inter-Agency Procurement Services Office (IAPSO), Bureau for Financial and Administrative Services, for the period June 1996-June 1998.

A recommendation for Executive Board action may be found in chapter IV.

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I. INTRODUCTION

1. The Inter-Agency Procurement Services Office (IAPSO) serves as a coordinator of and advisor on procurement best practices to Governments, especially programme country Governments, to United Nations system organizations, and to other partners in development. IAPSO undertakes various research and development activities to harmonize procurement procedures and practices, supporting transparency, standardization, cost-effectiveness and professional excellence. IAPSO also acts as a focal point with the business community on how to do business with the United Nations system. These activities, some of which are highlighted in chapter II, below, are provided for by UNDP under its biennial support budget appropriation for support to operational activities of the United Nations. One third of the operational budget for the activities of IAPSO is provided from the biennial support budget.

2. IAPSO provides also a wide range of advisory and direct procurement services to Governments, United Nations organizations, and other partners in development on a self-financing basis from fees charged for such services. As will be published in the UNDP financial statements for the biennium 1996-1997 (A/53/5/Add.1), the total income IAPSO received for its procurement services was $5.7 million, $4.8 million of which financed two thirds of its operational budget. IAPSO has accumulated savings of $2.5 million from its fees to serve as an operational reserve. More detailed information on the direct procurement activities is contained in chapter III, below.

3. Finally in a separate report, issued as DP/1998/31, IAPSO provides, for the information of the Executive Board, the statistics for 1997 on United Nations system procurement.

II. ACTIVITIES INVOLVING BEST PRACTICES

Governance-related initiatives

4. IAPSO supports good governance, particularly in the context of national execution, by providing a variety of procurement tools and skills development to Governments, through the UNDP country office network. More specifically, IAPSO conducted seven regional procurement training programmes in 1996 and 1997 (Brazil, Egypt, Ethiopia, the Lao People's Democratic Republic, Peru, Malaysia, and Zimbabwe) for 181 participants from UNDP country offices and concerned government counterpart personnel. Courses are being given in Colombia, Jordan, Nepal, Turkey, and the United Republic of Tanzania in 1998. A national course was given in the Sudan, and more are planned for Albania, Bolivia, and China. These courses aim to strengthen local capacity in handling procurement in an efficient, effective and transparent manner.

5. IAPSO also provides tools, including product and specification catalogues, supplier rosters, such standard procurement documents as solicitation, evaluation and contract formats, and access to umbrella contracts to support project implementation.

6. In support of the new UNDP guidelines on national execution, IAPSO is planning to assist in carrying out assessments of procurement capacity as part of UNDP capacity-building initiatives.

Support to United Nations activities

7. Key initiatives of support provided by IAPSO to United Nations organizations are highlighted below. Within the United Nations system, IAPSO has supported the Secretary-General's common services initiatives, which were announced as part of his reform measures in 1997. A new United Nations Common Supplier Database (UNCSD), which is a joint venture currently being undertaken by 12 organizations of the United Nations system, was launched in May 1998, following the completion of its design within the Inter-Agency Procurement Working Group (IAPWG). The UNCSD will provide a single gateway to the United Nations system for suppliers, ending the current requirement for each supplier to register with over 30 organizations to cover the United Nations system, and will also serve as a single gateway for sharing supplier performance evaluation information among United Nations organizations. IAPSO is a member of this common service initiative and the current chair of its management group. IAPSO currently provides the operational resources for its implementation.

8. IAPSO is also a member of another working group on procurement, established in Copenhagen, Denmark, by the United Nations Executive Coordinator for Common Services. The members of the working group are UNDP, the United Nations Children's Fund (UNICEF), the United Nations Office for Project Services (UNOPS), and the United Nations Population Fund (UNFPA), with cooperation from the World Health Organization. Initial efforts of the working group include streamlining and achieving economies of scale in the procurement of administrative supplies for the offices. Future efforts will include the analysis of joint activities among the organizations, given the strong and complementary procurement functions located in Copenhagen.

9. IAPSO also coordinated with UNICEF and UNOPS in the development of procurement training courses to supplement the various courses IAPSO has already developed and implemented for United Nations organizations. In addition, IAPSO organized 11 training programmes from January 1997 through May 1998 for 270 participants from the following United Nations organizations: the International Labour Organization, the International Telecommunications Union, the International Fund for Agricultural Development, the United Nations Educational, Scientific and Cultural Organization, UNICEF, UNFPA, UNOPS, the United Nations University, the United Nations Relief and Works Agency for Palestine Refugees in the Near East, the United Nations Volunteer programme, the World Food Programme, the World Intellectual Property Organization, UNDP country offices, the Economic and Social Commission for Asia and the Pacific, the Economic Commission for Africa, the United Nations Office at Nairobi, the United Nations Office at Geneva, the African Development Bank and the Organization for the Prohibition of Chemical Weapons. IAPSO supplements its training with a training forum on its web page to facilitate continuing dialogue on procurement issues. Distance learning modalities are under consideration for future development.

Support to the business community

10. Supporting the principle of transparency is paramount to the work of IAPSO, particularly as a focal point for suppliers of goods and services wishing to do business with the United Nations system. IAPSO acts as a clearing house for notices of procurement opportunities, in both printed and electronic forms. IAPSO encourages all organizations to use its network to publish procurement notices, and also provides links to those organizations that have their own web pages with posted notices. The annual meeting of the IAPWG supports this effort, as information is being shared among all organizations.

11. IAPSO continues to promote information on how to do business with the United Nations, through the organization of business seminars (10 such seminars were organized in cooperation with other United Nations organizations in Argentina, Austria, Belgium, Denmark, Estonia, India, Israel, the occupied Palestinian territory, Turkey and Spain). In addition, IAPSO participates in seminars organized by United Nations associations. IAPSO continues to produce and disseminate a number of publications aimed at the business community, such as the "General Business Guide", to assist them in competing for United Nations contracts.

Support to environmental concerns

12. IAPSO is active in promoting the UNDP focus area of the environment from the procurement perspective. In addition to developing generic specifications to facilitate the procurement of environmentally friendly products, IAPSO has promoted "green procurement" awareness at international conferences, including the Greening Public Procurement, held in Brussels, Belgium, in 1997; the International Forum on Green Procurement, held in Kyoto, Japan, in 1997; and the World Conference on Eco-City, held in Tokyo, Japan in 1998. In collaboration with the UNDP Bureau for Development Policy, IAPSO has produced a publication on the "Green Office Initiative" for use throughout UNDP.

III. DIRECT PROCUREMENT ACTIVITIES

13. The volume of procurement handled by IAPSO has been growing steadily, to $58.2 million in 1996, and to $61.6 million in 1997, an increase of 5.8 per cent. As demonstrated from the first five months of 1998, growth is now at a rate of 6 per cent. Table 1 below provides a breakdown of IAPSO procurement activities by product group, while table 2 provides a breakdown by client group. Consistent with the IAPSO priority to support national execution, the growth volume for procurement in support of programme country Governments has been the largest.

Table 1. IAPSO procurement by major product group (1996-1997)

(In millions of United States dollars)

Product group	1996		1997	
	Amount	%	Amount	%
Motor vehicles and spares	45.5	78.0	49.0	80.0
Computer equipment	4.4	7.5	5.4	9.0
Office equipment/furniture	3.1	5.4	1.7	3.0
Agricultural/water supply equipment	1.5	2.5	1.4	2.0
Audio-visual/communication equipment	0.9	1.5	0.9	1.0
Laboratory equipment	0.5	0.8	0.8	1.0
Power generators	0.3	0.5	0.6	1.0
Other	2.0	3.8	1.8	3.0
Total	58.2	100.0	61.6	100.0

Table 2. IAPSO procurement services by client group (1996-1997)

(In millions of United States dollars)

Client group	1996		1997	
	Amount	%	Amount	%
Non-governmental organizations, donor Governments, bilateral and international development entities	25.2	44.0	21.5	34.0
Programme country Governments	15.6	27.0	21.8	36.0
UNDP	4.8	8.0	5.1	8.0
United Nations organizations	4.9	8.0	5.4	9.0
United Nations staff members	7.7	13.0	7.8	13.0
Total	58	100.0	61.6	100.0

14. In addition to placing orders, IAPSO provides considerable procurement advisory services, free of charge, to UNDP country offices and programme country Governments, in the form of the development of specifications for their procurement and in the provision of benchmark pricing for items.

Joint activities with UNOPS

15. In 1997, IAPSO and UNOPS agreed to jointly promote their complementary procurement expertise to offer greater possibilities to entities implementing development assistance and/or emergency relief services. Thus far, the joint activities are expected to result in greater efficiency in both organizations and in a greater number of clients taking advantage of this opportunity. As mentioned in paragraph 9 above, other organizations in Copenhagen are exploring with IAPSO ways of participating in common services.

IV. EXECUTIVE BOARD ACTION

16. The Executive Board may wish to:

1. Take note of the report of the Administrator on the activities of the Inter-Agency Procurement Services Offices (IAPSO) in 1996 and 1997 (DP/1998/30) and the contribution by the Office to the coordination of efforts to develop tools and best practices to ensure the efficient, effective and transparent use of United Nations and UNDP resources;

2. Encourage the provision by IAPSO of procurement support to UNDP country offices, and through them, to programme country Governments, to strengthen capacity of Governments to administer procurement in an efficient and accountable way;

3. Recommend that, within the forum of United Nations reform and common services, IAPSO further explore ways of coordinated procurement arrangements with entities of the United Nations system, drawing on the respective strengths of each organization.